



A START-UP GUIDE FOR INTERNATIONAL BUSINESS

Importing and exporting are two sides of the same coin: the exports of one country are the imports of another. Entrepreneurs with existing contacts in other countries or special knowledge of key industries have the potential to establish import/export businesses.

The State of Wisconsin does not require an entrepreneur to have any special license to be involved in importing or exporting. You only need to take those steps that are required to establish any business in your community. Success requires careful planning, commitment, and resources. Before starting your own import/export business you should prepare a clear plan that takes your idea and forms it into a profit-making business. You have to study your market to know what products are in demand, where you can acquire an adequate supply, how much customers pay for the product, how much will it cost you to package, ship, and insure the product, and the level of income you will need to stay in business.

Going into Business in Wisconsin: An Entrepreneur's Guide covers many issues of planning and starting a new business venture. The publication can be obtained for \$10 from the Wisconsin Department of Commerce, attn: Entrepreneurship Bureau, P. O. Box 7970, and Madison, WI 53707-7970.

EXPORTING

Export Planning

Selling in foreign markets requires as much or a greater degree of commitment as does selling domestically. You must have a quality product at a competitive price, a way to contact and inform potential customers about your product, and a method to deliver the product. Therefore, it is crucial that you first assess your export potential.

Export Checklist

The following checklist is based on characteristics common to successful "export-driven" companies:

- ☐ Do you have adequate funds and staff for initial export development, including international travel, trade show participation, market research, and international business training?
- ☐ Have you developed a focused export strategy to penetrate targeted foreign markets?
- ☐ What competitive advantages do you have?
 - ✓ access to a unique product not currently available in another country.
 - ✓ higher quality or lower prices than that available in another country.
 - ✓ special knowledge of the distribution channels in another country.
- ☐ Can you meet foreign product standards, accomplish safety and metric modifications, and make product adaptations as required by foreign market?
- ☐ Are you willing to spend time and resources to build a relationship with export customers before expecting results?

- ☐ Since there is a risk associated with international trade, can you afford an occasional loss?

Export licensing

While there is no license to operate an import/export business, the US government requires licenses for some shipments, depending upon the nature of the product or its destination. The process for obtaining an export license relatively easy for most products. A general license is a broad grant of authority by the government to all exporters for most categories of products. Individual exporters do not need to apply for general licenses, since such authorization is already granted through the Export Administration Regulations; they need only to know the authorization is available.

If the shipment is destined for a free-world destination, is valued at more than \$2,500 or requires a validated export license, the exporter must complete a shipper's export declaration (**SED**). SEDs are used by U.S. Customs Service to indicate the type of export license being used and to keep track of what is exported. They are also used by the Bureau of Census to compile statistics on US trade patterns.

For reasons of national security, foreign policy, or short supply, the US controls the export and reexport of certain military-, high tech-, or scarce resource-related goods and technical data through the granting of individually validated licenses (IVLs). An IVL is a specific grant of authority from the government to a particular exporter to export a specific product to a specific destination if a general license is not available. The licenses are granted on a case-by-case basis for either a single transaction or for many transactions within a specified period of time. An exporter must apply to the US Department of Commerce for an IVL. The Bureau of Export Administration can counsel you on your obligations under the Export Administration

Regulations and assist you in determining your licensing requirements.

Bureau of Export Administration

Room 2705
14th Street & Pennsylvania Avenue, NW
US Department of Commerce
Washington, DC 20230
Phone: (202) 482-4811
Fax: (202) 482-3617
Homepage:
<http://www.bxa.doc.gov/index.html>

Export Business Training

Several Wisconsin's Technical College (WTC) System campuses offer international business classes and seminars on the mechanics of exporting. The Waukesha County Technical College also maintains an extensive print and video international business library.

Blackhawk Technical College
PO Box 5009
Janesville, WI 53547
phone: (608) 756-4121
fax: (608) 757-7740

Chippewa Valley Technical College
620 West Clairemont Avenue
Eau Claire, WI 54701
phone: (715) 833-6242
fax: (715) 833-6470

Gateway Technical College
3250 30th Avenue
Kenosha, WI 53144
phone: (414) 656-6907
fax: (414) 656-6907

Milwaukee Area Technical College
700 West State Street
Milwaukee, WI 53233
phone: (414) 297-6395
fax: (414) 297-7689

Waukesha County Technical College
800 Main Street

Pewaukee, WI 53072
phone: (414) 691-5551
fax: (414) 691-5092

Export Resource Organizations

Networking with other international business people is an excellent way to learn about changing market conditions and opportunities.

The Wisconsin World Trade Center, which is linked to 228 other trade centers in 86 countries, conducts educational seminars, provides office space, and maintains international communication links for business people involved in both importing and exporting.

Wisconsin World Trade Center, Inc.

424 East Wisconsin Avenue
Milwaukee, WI 53202
phone: (414) 274-3840
fax: (414) 274-3846

Homepage: <http://www.wistrade.org/>

There are also World Trade Associations organized around the state. Members of these associations meet regularly for seminars and discussions of international business issues.

Northeastern Wisconsin World Trade Association

Nancy Day, Secretary
325 North Commercial Street
Neenah, WI 54956
phone: (920) 722-7758
fax: (920) 722-0854

South Central Wisconsin World Trade Association

Carla Lenk, Director
UW-Whitewater SBDC
Carlson Building, Room 2000
Whitewater, WI 53190
phone: (414) 472-3217
fax: (414) 472-4863

Madison International Trade Association

Keith Nelson, Vice President
P.O. Box 90
Madison, Wisconsin 53701
phone: (608) 831-0025
fax: (608) 831-2202

Milwaukee World Trade Association

Peter Beitzel, Executive Director
756 North Milwaukee Street
Milwaukee, WI 53202
phone: (414) 287-4100
fax: (414) 271-7753

The International Division of the Wisconsin Department of Commerce works with firms that are well established in the domestic market, and are ready to begin selling their products or services in other countries. This agency assists beginning and current exporters in identifying potential markets, attending trade shows, and locating agents or distributors. The International Agri-Business Center of the Department of Agriculture, Trade, and Consumer Protection offers similar services for agriculture, food, and forestry related firms.

Wisconsin Department of Commerce International Division

201 West Washington Avenue
P. O. Box 7970
Madison, WI 53707-7970
phone: (608) 267-9227
or 1 (800) XPORTWI, 1-800-976-7894
fax: (608) 266-5551

Wisconsin Department of Agriculture, Trade, and Consumer Protection

International Agri-business Center
8911 Agriculture Drive
Madison, WI 53708-8911
phone: (608) 224-5112
fax: (608) 265-5110

IMPORTING

The volume, variety, and complexity of products entering the US each year require that certain importing procedures and restrictions be followed. The US Custom Service, Department of the Treasury, is responsible for the assessment and collection of duties (taxes on imported merchandise), enforcement of custom laws, and the control of smuggling and fraud.

US Customs Service Assistance

The Customs Service is headquartered in Washington, DC (telephone 202/927-0370). It maintains a field office in Milwaukee (telephone 414/ 571-2860). All imported goods must meet the same standards as domestic goods. Meat and poultry products are regulated by the US Department of Agriculture, while other foods, drugs, cosmetics, medical devices, and electronic devices that emit radiation are regulated by the US Food and Drug Administration. The State of Wisconsin does not regulate imports.

The Customs Service publishes *Importing into the United States*, which details the essential requirements of importing products to the US, including the entry process, invoicing, duties, classifications of goods, and trade agreements. The guide is available from the U.S.

Government Printing Office -Milwaukee Book Store, 517 East Wisconsin Avenue, Milwaukee, WI for \$6.50. You can also get information from the Customs Service's website: <http://www.customs.ustreas.gov/imp-exp/index.htm>.

Seller's permit

If you will be retailing imported items, you must have a Seller's Permit. To obtain one, contact the Department of Revenue (Madison telephone 608/ 266-2776; Milwaukee telephone 414/ 227-4444).

Customs brokers

A licensed customs broker acts as an importer's authorized agent. The broker assesses entry classification, files the necessary documents, and facilitates the payment of duties and taxes required to admit products into the US. Many freight forwarders are also customs brokers, but some firms specialize in customs work only.

Identifying Foreign Suppliers

Foreign embassies and consulates frequently have a commercial officer to promote the sale of products from that country, and put importers in touch with potential suppliers. Many consulates serving Wisconsin have offices in Chicago; most foreign embassies are located in Washington, DC.

PUBLICATIONS AND THE INTERNET

Numerous guides and handbooks on international business have been written in recent years. *Export Programs - A Business Directory of U.S. Government Services* is available from the US Department of Commerce's Trade Information Center, telephone 1-800-USA-TRADE

The Internet has made a great number of resources readily available at the user's fingertips. The Wisconsin Department of Commerce has created an International Business Internet Guide at <http://badger.state.wi.us/agencies/dod/html/intbusgi.html>. It provides links to 48 major sites covering a wide variety of international business topics. Each of these sites is also linked to other sites all around the world.

The **National Trade Data Bank (NTDB)** is an excellent "one-stop" source for market and export promotion information and international trade statistics collected by 17 US Government agencies. The NTDB is updated monthly and provides access to over 100,000 trade related documents. The NTDB is available on the Internet at <http://www.stat-usa.gov/BEN/subject/trade.html> and is also available at over 900 federal depository libraries nationwide in CD-ROM format. The two-disc CD-ROM version of the NTDB can also be purchased for \$59 per monthly issue, or \$575 for a 12-month subscription. Subscription to the NTDB via the Internet costs \$150 per year or \$50 per quarter. For ordering and other specific information, call (202) 482-1986 or FAX (202) 482-2164.